

Pioneer Aviation Purchase

Public Information Session

Thursday, January 21st 2021 6:30PM

Saturday, January 23 2021 10:00AM

Goals of this Meeting

- Review Pioneer Aviation buildings and grounds
- Justification of proposed purchase
- Initial facility upgrades & investment return
- Overview of funding, grants, and borrowing
- Timeline of purchase
- FY22 Budget and Revenues
- FY21 Budget Increase
- Short and Long term facility maintenance and care plan

Pioneer Aviation History

- Pioneer Aviation Cooperation established 1969
- Purchased 10.4 acres from Town of Montague to establish business along the now Industrial Blvd.
- Business provided aircraft maintenance and sales, flight training, fueling, avionics repair, and skydiving (for a period)

Aerial View of Pioneer Aviation



Airport History

- Current facility established as part of the Works Progress Administration program prior to 1940
- Single Runway with dimensions of 75ft wide and 3200ft in length, replaced in 2014
- 38 Based Aircraft, 10 Private Hangers, 68 Operations Daily (Average)

Future of Airport

- Limited current revenue sources will restrict the ability to maintain and expand our facility, additional investment from town may be needed
- Critical services including aircraft fueling, maintenance, and education are not under airport control
- Overall goal of “self funding” can be met and exceeded with the revenue from Pioneer Aviation, removing the financial burden from the town
- Repairs and upgrades to facility would be funded “internally” from revenues generated on site

Critical Services Provided

- Aircraft Fueling
- Aircraft Maintenance
- Flight Training School
- Indoor Aircraft Storage
- Industrial Warehousing / Storage



Image courtesy of Greenfield Recorder

Building 1- Original Hanger

- 40/44 Industrial Blvd
- Constructed in 1969
- 2.14 Acre Lot, 13,920 SQFT Building
- Flight Training School, Indoor Aircraft Storage, Industrial Storage
- Annual Revenue \$32,500
- Initial Repairs include interior and exterior lighting, safety and security systems, general site cleanup, and minor exterior repairs. Expected cost \$2,100



Building 2- Maintenance Hanger

- 36 Industrial Blvd
- Constructed in 1992
- 5.26 Acre Lot, 6,800 SQFT Building
- Aircraft Maintenance Area, Indoor Heated Aircraft Storage
- Annual Revenue \$29,000
- Initial Repairs include interior and exterior lighting, safety and security systems, heating systems replacement, and bi fold door repairs. Expected cost \$6,400



Building 3- Storage Warehouse

- 38 Industrial Blvd
- Constructed in 2007
- 14,400 SQFT Building
- Industrial Warehousing / Heated Storage Space, Non Aviation Use
- Annual Revenue \$72,500
- Initial Repairs include exterior lighting. Expected cost \$1,000



Vacant Property Lot

- 24 Industrial Blvd
- Property 2.99 Acres
- “Shovel Ready” site with-
 - water, sewer, 3 phase power, communications, and 350 FT road frontage
- Ready to lease out for development at time of purchase



Aviation Fuel Farm

- 40 / 44 Industrial Blvd
- Installed 2000 / 2001, Above Ground Tank
- Aviation Fueling System, AVGAS 100LL
- 6000 Gallon Tank
- Annual Revenue (Estimated) \$18,700
- Annual Revenue After Upgrade (Estimated) \$35,000
- Initial Repairs include new point of sale system, dispensing cabinet, safety shutoff, exterior lighting. Expected Cost \$68,000
- Initial repair cost would be part of the property purchase borrowing



Fuel Farm Upgrade

- Additional borrowing totaling approximately \$68,000 would be used to repair and upgrade existing fueling systems
- This is critical to provide 24 hour access to fueling services, and is standard across the industry
- A significant loss in both revenue and operations is related to limited fuel availability as users and transient aircraft go to Orange, Keene, Northampton, and North Adams for fuel needs

Construct “T” Bay Hangers

- Additional borrowing totaling \$370,000 would be used to construct aircraft storage hangers.
- Currently the Airport has an 18 plane waiting list for indoor aircraft storage
- Construction would be on Pioneer Aviation Property, previously used as outdoor aircraft storage
- If approved, construction would start in July and be completed in October of 2021, all spaces would be under lease contract before completion

Why Make the Purchase?

- This will secure access to Aviation Fuel, a critical component to the successful future of the facility
- It will also secure the future of the Aircraft Maintenance and Flight Training operations
- Creates a viable long term source of revenue for the airport, removing the funding burden from the Taxpayers of Montague

Funding Sources

	State Share	Federal Share	Local Share	TOTAL
Property Purchase	\$72,500	\$1,305,000	\$72,500	\$1,450,000
Fuel System Upgrades	Eligible for grant funding	Not Eligible for grant funding	\$68,000	\$68,000
Construct Hangers	Eligible for grant funding	Not Eligible for grant funding	\$370,000	\$370,000
TOTAL	\$75,000	\$1,425,000	\$513,000	\$1,880,000

FAA Funding- This is reimbursable at \$150,000 yearly until full amount is covered

MassDOT Funding- Typically is a 5% match of FAA funding, although some additional funding may be available to offset cost of “Fuel System Upgrades” and “Construct Hangers”

Local Share- This would be covered from revenues generated from the property, and spaced out over the proposed 20 years of the borrowing, revenues would exceed the minimum required annual payments

Return on Investment

- Fuel Farm Upgrades- Initial investment for upgrades \$68,000 from borrowing
 - Expected payback 4 years from revenue generated on increase in fuel sales
- Construct 8 “T” Hangers- Initial investment for construction \$370,000
 - Expected payback 13 years from revenue generated on hanger rentals. \$2,400 / month, \$28,800 / year.

Long Term Borrowing

- Borrowing would total 1.85 million, with a repayment length of 20 years
- No additional tax burden to residents, complete funded with grants and generated revenue
- Annual payment would be covered with grant funds and revenue generated on site
- Both grant and revenue sums would exceed annual payment amounts, allowing for a “buffer” in the event that grants / revenues on a certain year are less than expected

Project Timeline

- Complete Appraisals / Environmental Review of property- February 10
- Vote at Special Town Meeting- February 25
- Begin Borrowing Process- March 1-5
- Finalize Purchase & Sale Agreement- March 5
- Initiate Purchase Process- March 10
- Complete Purchase- March 12

Expected FY22 Budget

- Includes increases for the following
 - Full time Airport Manager with benefits
 - Part time employee without benefits
 - Additional hours for Technical School Co-op program
 - Direct operational costs of Pioneer Aviation
- Proposed FY22 budget total- \$200,875.00
- Total amount requested from taxation- \$0.00
- Expected revenue FY22 (Entire Airport)- \$239,089.50

Expected Revenue FY22

- Revenue generated from the following sources
 - Hanger & Land leases
 - Hanger rentals
 - Warehouse leases
 - Fuel Sales & Services
 - Outdoor Tie-Downs
 - Solar SMART Program
 - Rental house property
- All revenue estimates are 10% lower than projections to allow for minor market fluctuation and traffic changes related to COVID-19



FY 21 Budget Increase

- An increase in the FY21 budget will be needed to cover the operational cost associated with Pioneer Aviation
- Increase is expected to be about \$10,000 for each month of ownership, totaling \$39,800
- Any additional funding requested will be covered by new revenue generation, to be repaid to the town in fall of 2021 (FY22)
- Insurance accounts for 32% of overall new costs due to the size and quantity of new buildings to be acquired

Property Tax

Figures based on FY21 Rates

- 24 Industrial Blvd- Assessed Value \$76,100
 - \$2,053.94 Total Tax Contribution (Removed)
- 36 Industrial Blvd- Assessed Value \$278,200
 - \$7,508.62 Total Tax Contribution (Removed)
- 38 Industrial Blvd- Assessed Value \$316,200
 - \$8,534.24 Total Tax Contribution (Will Remain)
- 40 / 44 Industrial Blvd- Assessed Value \$247,800
 - \$6,688.12 Total Tax Contribution (Partial Remain)
- Total Tax Contribution FY21- \$24,784.92
- Total Expected (at same rate) Tax Contribution FY22- \$11,878.30
- Reduction in revenue FY22- \$12,906.62
- We expect new development and expansion in FY23 – FY24 will offset any initial reduction in tax revenues

Short Term Facility Maintenance

- This would be maintenance in the first 6 months of ownership and would include-
 - Repairs to lighting systems, interior and exterior
 - Minor asphalt repairs and rehab
 - ADA compliance for public areas
 - Spill prevention system installation
 - Security system upgrades

Long Term Facility Maintenance

- Replacement of primary pavement (potential grant funding)
- Upgrade visitor and office spaces
- Climate control system upgrade to energy efficient
- Installation of solar array to offset electricity costs
- Continued maintenance to roofs, systems, doors to prevent major repair costs in the future

Property Value VS Sale Price

- Total assessed property value is- \$918,300
- While this value is below the expected “sale value”, it is important to understand that-
 - This is a “turn key” business that will generate revenue on day one
 - When accepting FAA funding, there is a requirement to pay the most current appraised value of the property
 - The appraisal and appraisal review is underway and nearing completion, these findings will direct the sale price of the property

Financial Return to Montague

- While it will take several years to establish good information on the revenues vs costs of the property, we will be able to do the following-
 - Cover all direct expenses to the town
 - Cover all indirect expenses including
 - Healthcare, retirement, workers compensation
 - Accounting, collection, and other provided service
 - Insurance, both property and vehicle / equipment
- Once a financially stable position is reached, the Airport Commission can investigate establishing a reimbursement program to repay previous requests of supplemental funding made by the airport to Montague

Private VS Town Ownership

- Currently the private ownership has no requirement to provide these service to airport users, and could stop operations without warning
- Private ownership would be likely to seek highest use value for the property, which would not be aviation related in the current condition
- Under town ownership, services are secured for the foreseeable future
- While revenue is important to the Airport Commission, they are also in the aviation business and would not seek to change the property use to non aviation at this time

The cost of replicating these services on town owned property is

Responsibilities of the Airport

- Maintaining the facilities to industry standards
- Resale of Aviation Fuel Product
- Flight Training will remain private- Leasing space from the town for operations
- Aircraft Maintenance will also remain private- Leasing space from the town for operations
- Marketing the “vacant” lot to attract new users to the area that also produce the highest financial return

Existing Business / Leases

- Currently, 5 businesses are located on the Pioneer Aviation Property
- 12 Inside Private Aircraft storage agreements
- 4 Outside Private Aircraft storage agreements
- 4 Office Space usage agreements
- All of which have no intentions of leaving / relocating after the purchase.

Increase in Operations

- While we do expect this project to increase daily operations slightly, we do not foresee “louder” aircraft creating problems to our neighbors
- Unfortunately we are in a valley that tends to carry sound a long distance, resulting in amplified sounds
- The airport does not expect additional overnight operations that would coincide with rest hours

Proposed Articles for STM

- Article 1- Vote to allow the Town of Montage and the Turners Falls Airport Commission to borrow in anticipation of state and federal grants, borrowing totaling 1.85 million dollars.
- Article 2- Vote to Increase the Airport FY21 Budget by \$39,800 to cover the operational expenses associated with Pioneer Aviation

We want your feedback!

- Please take a moment and fill out this online survey regarding this presentations and your thoughts on the proposed project
- Access to the survey can be found on the link below and on the Town of Montague website, under the “Turners Falls Airport” page -
 - Click on “Departments” header, look for “Turners Falls Airport”
 - Once on the Airport Page you will see a yellow block with red writing
 - Click on it and you will be directed to the survey page
- Your feedback will help us determine if more information sessions are needed and your overall satisfaction with the presentation and the airport in general
- <https://www.surveymonkey.com/r/CTP66WJ>

Conclusion

- This project is extremely time sensitive and therefore must appear on the Special Town Meeting agenda in February
- Questions, comments, concerns, complaints, or want to request a site tour? Contact the Airport Manager at-
 - AIRPORT@MONTAGUE-MA.GOV
 - 413-863-0044 (Office Phone)
 - 978-305-2452 (Cell Phone)
 - Or stop in to 10 Aviation Way (appointments are appreciated)